

**RAILROAD COMMISSION OF TEXAS  
HEARINGS DIVISION**

**OIL AND GAS DOCKET NO. 7B-0287540**

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**THE ENFORCEMENT ACTION AGAINST WILKIDS OIL & GAS, LLC (OPERATOR NO. 924318) FOR VIOLATIONS OF STATEWIDE RULES ON THE ZANE LAWS LEASE, WELL NO. 1 (DRILLING PERMIT 748678), COLEMAN COUNTY REGULAR FIELD, COLEMAN COUNTY AND ZANE LAWS LEASE, WELL NO. 2 (DRILLING PERMIT 749000), COLEMAN COUNTY REGULAR FIELD, COLEMAN COUNTY, TEXAS**

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**FINAL ORDER**

The Commission finds that after statutory notice the captioned enforcement proceeding was heard by the examiner on July 23, 2015 and that the respondent, Wilkids Oil & Gas, LLC (Operator No. 924318), failed to appear or respond to the Notice of Hearing. Pursuant to § 1.49 of the Commission's General Rules of Practice and Procedure [Tex. R. R. Comm'n, 16 TEX. ADMIN. CODE § 1.49] and after being duly submitted to the Railroad Commission of Texas at conference held in its offices in Austin, Texas, the Commission makes the following findings of fact and conclusions of law.

**FINDINGS OF FACT**

1. Wilkids Oil & Gas, LLC (Operator No. 924318), ("Respondent"), was given Notice of Hearing by certified mail, addressed to the most recent Form P-5 (Organization Report) address.
2. The certified envelope containing the Original Complaint and the Notice of Opportunity for Hearing, was returned on June 17, 2015 as "unclaimed." The certified receipt is included in the file and has been on file with the Commission for 15 days, exclusive of the day of receipt and day of issuance.
3. On April 9, 2014, Respondent, a Limited Liability Company, filed an Organization Report (Form P-5) with the Commission reporting that its officers consisted of the following individual(s): William Don Wilkins, Manager, and Donna W. Adamski, Partner.
4. William Don Wilkins, was in a position of ownership or control of respondent, as defined by Texas Natural Resources Code Section 91.114, during the time period of the violations of Commission rules committed by respondent.
5. Donna W. Adamski, was in a position of ownership or control of respondent, as defined by Texas Natural Resources Code Section 91.114, during the time period of the violations of Commission rules committed by respondent.
6. The violations of Commission rules committed by respondent are related to safety and the control of pollution.
7. Respondent designated itself to the Commission as the operator of the Zane Laws Lease, Well No. 1 (Drilling Permit 748678), by filing a Drilling Permit (Commission Form W-1), filed on September 21, 2012. Respondent designated itself to the Commission as the operator of the Zane Laws Lease, Well No. 2 (Drilling Permit 749000), by filing a Drilling Permit (Commission Form W-1), filed on September 27, 2012.

8. Respondent's P-5 (Organization Report) is currently delinquent. Respondent had a \$25,000 cash deposit as its financial assurance at the time it became delinquent.
9. Commission inspection reports completed on September 3, 2013, December 4, 2013, April 29, 2014, and January 21, 2015, and the absence of production reports filed by the Respondent with the Commission since prior to September 3, 2013, show that the Zane Laws Lease, Well No. 1 (Drilling Permit 748678) was completed sometime prior to September, 2013, and has been inactive for a period greater than one year. The subject well has never produced.
10. Commission inspection reports completed on September 3, 2013, December 4, 2013, April 29, 2014, and January 21, 2015, and the absence of production reports filed by the Respondent with the Commission since prior to September 3, 2013, show that the Zane Laws Lease, Well No. 2 (Drilling Permit 748678) was completed sometime prior to September, 2013, and has been inactive for a period greater than one year. The subject well has never produced.
11. Commission district inspections were conducted on September 3, 2013, and December 4, 2013 for the Zane Laws Lease, Well No. 1 show that the signs or identification required to be posted at the lease entrance, well, and the tank were missing.
12. Commission district inspections were conducted on September 3, 2013, and December 4, 2013 for the Zane Laws Lease, Well No. 2 show that the signs or identification required to be posted at the lease entrance and the well were missing.
13. Failure to properly identify a well by the posting of the sign required by Statewide Rule 3 has the potential for causing confusion and delay in remedying a violation or emergency and poses a threat to the public health and safety.
14. The Respondent has not demonstrated good faith since it failed to timely plug or otherwise place the subject lease and subject well in compliance after being notified of the violations by the District Office and failed to appear at the hearing to explain its inaction.
15. None of the subject wells have plugging extensions.
16. A Commission district office inspection conducted on September 3, 2013, and December 4, 2013, for the Zane Laws Lease, Well No. 1, indicated that the well was completed sometime prior to September, 2013, that Respondent has failed to timely dewater, backfill, and compact a reserve pit measuring 5,400 square feet and two mud circulation pits measuring 600 square feet each.
17. Unfilled pits constitute a hazard to public health and safety because of the potential for illegal dumping in the pits and the potential for surface run-off to collect in the pit and seep into subsurface waters.
18. Commission records show that the application of Respondent to drill a well bore the subject lease, under Permit No. 748678, as approved October 1, 2012. As part of this permit, under Conditions and Instructions, During Drilling, permit states: "Notification of Setting Casing. The operator must call in notification to the appropriate district office a minimum of eight (8) hours prior to setting of surface casing, intermediate casing, and production casing,. The individual giving notification must

be able to advise the district office of the drilling permit number.

19. Commission records show that the application of Respondent to drill a well bore the subject lease, under Permit No. 749000, as approved October 5, 2012. As part of this permit, under Conditions and Instructions, During Drilling, permit states: "Notification of Setting Casing. The operator must call in notification to the appropriate district office a minimum of eight (8) hours prior to setting of surface casing, intermediate casing, and production casing. The individual giving notification must be able to advise the district office of the drilling permit number.
20. Commission records show that Respondent failed to notify the District Office prior to setting and cementing the surface casing in the Well No. 1 (Permit No. 748678), as required. Commission District inspection reports conducted on September 3, 2013, and December 4, 2013, indicated that Respondent had completed the well.
21. Commission records show that Respondent failed to notify the District Office prior to setting and cementing the surface casing in the Well No. 2 (Permit No. 749000), as required. Commission District inspection reports conducted on September 3, 2013, and December 4, 2013, indicated that Respondent had completed the well.
22. Commission District inspection reports made on September 3, 2013, and December 4, 2013, on the Zane Laws Lease showed that Well No. 1 (Drilling Permit 748678) has been completed, but Respondent has not filed the required completion report.
23. Commission District inspection reports made on September 3, 2013, and December 4, 2013, on the Zane Laws Lease showed that Well No. 2 (Drilling Permit 749000) has been completed, but Respondent has not filed the required completion report.
24. Usable quality groundwater in the area is likely to be contaminated by migrations or discharges of saltwater and other oil and gas wastes from the subject wells. Unplugged wellbores constitute a cognizable threat to the public health and safety because of the probability of pollution.
25. The total estimated cost to the State for plugging the Zane Laws Lease, Well No. 1 (Drilling permit 748678) is \$10, 200.00; and for the Zane Laws lease, Well No. 2 (Drilling Permit 749000) is \$10, 200.00
26. Respondent has no prior history of violations of Commission rules.

### **CONCLUSIONS OF LAW**

1. Respondent is in violation of Statewide Rules 3, 14(b)(2), 8 (d)(4)(H)(i)(I), 5(a), and 16(a).
2. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 3, which requires that each property that produces oil, gas or geothermal resources and each oil, gas or geothermal resource well and tank, or other approved crude oil measuring facility shall post signs or identification.
3. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule

8(d)(4)(H)(i)(I), which requires reserve pits and mud circulation pits to be dewatered, backfilled and compacted within one year of cessation of drilling operations.

4. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 5, which requires an application for a permit to drill, deepen, plug back , or renter any oil well, gas well, or geothermal resource well, must be accompanied by any relevant information, form or certification required by the Railroad Commission or a Commission representative necessary to determine compliance with this rule and state law.
5. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 16(a), which requires that the owner, or operator of an oil, gas or geothermal resource well, must within thirty days (30) after the completion of such well, or the plugging of such well, if the well is a dry hole, shall file with the Commission the appropriate completion or plugging report.

**IT IS ORDERED THAT** within 30 days from the day immediately following the date this order becomes final:

1. Wilkids Oil & Gas, LLC (Operator No. 924318), shall plug and place the Zane Laws Lease, Well No. 1 (Drilling Permit 748678) and Zane Laws Lease, Well No. 2 (Drilling Permit 749000), Coleman County Regular Field, Coleman County, Texas in compliance with applicable Commission rules and regulations; and
2. Wilkids Oil & Gas, LLC (Operator No. 924318), shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **FORTY-THREE THOUSAND, FIVE HUNDRED DOLLARS (\$43,500.00)**.

It is further **ORDERED** by the Commission that this order shall not be final and effective until 20 days after a party is notified of the Commission's order. A party is presumed to have been notified of the Commission's order three days after the date on which the notice is actually mailed. If a timely motion for rehearing is filed by any party at interest, this order shall not become final and effective until such motion is overruled, or if such motion is granted, this order shall be subject to further action by the Commission. Pursuant to TEX. GOV'T CODE § 2001.146(e), the time allotted for Commission action on a motion for rehearing in this case prior to its being overruled by operation of law, is hereby extended until 90 days from the date the parties are notified of the order.

All requested findings of fact and conclusions of law which are not expressly adopted herein are denied. All pending motions and requests for relief not previously granted or granted herein are denied.

Noncompliance with the provisions of this order is subject to enforcement by the Attorney General and subject to civil penalties of up to \$10,000.00 per day per violation.

Done this 3rd day of November 2015.

LMV/rnf

**RAILROAD COMMISSION OF TEXAS**  
**(Signatures affixed by Default Master Order**  
**dated November 3, 2015)**